

**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20548

**FILE:** B-207782

**DATE:** December 27, 1982

**MATTER OF:** Adam Electric Company, Inc.

**DIGEST:**

1. Contracting officer may cancel a solicitation after bid opening when all acceptable bids received are at an unreasonable price. Determination of price reasonableness is a matter of administrative discretion which GAO will not question without evidence of fraud or bad faith or a showing that the determination is wholly unreasonable.
2. Contracting officer acted properly in revising Government estimate downward after bid opening and then rejecting protester's bid as excessive, despite apparent reasonableness of protester's bid when compared to original Government estimate. The inexact nature of Government estimates occasionally requires post-bid-opening review.
3. Contracting officer is free to consider factors disclosed by bidding, including price quoted in nonresponsive bids, in determining that a bid price is excessive.
4. Agency interpretation of ambiguous man-hour coverage specification in solicitation was reasonable, especially in view of unrebutted assertion by the agency that the protester has performed in accordance with agency's interpretation in the past.

Adam Electric Company, Inc. (AEC), protests the cancellation of invitation for bids (IFB) No. GS-11C-20206 issued by the General Services Administration (GSA) for a 3-year contract to repair and maintain the pneumatic tube system in the State Department building in Washington, D.C.

The bids were opened on May 11, 1982, and AEC, the previous contractor, submitted the highest bid at \$13,946 per month. Pneumo-Carr, Inc. (Pneumo), submitted a bid of \$11,400 per month and PEVCO, Inc. (PEVCO), submitted a bid of \$10,690 per month. On May 25, 1982, GSA informed AEC that the bids of Pneumo and PEVCO had been found to be non-responsive because their bid guarantees were not acceptable and that AEC's bid was rejected because it was considered excessive in comparison to a revised Government estimate. In late May, GSA solicited bids for a 3-month interim contract for maintenance of the tube system. The interim contract was awarded to PEVCO. During the summer, GSA issued IFB No. GS-11C-20278, for a new 3-year maintenance contract and AEC was awarded the contract.

AEC contends that solicitation No. GS-11C-20206 should not have been canceled because its bid was not excessive and the Government's estimate was unduly low.

We deny the protest.

It has been the consistent position of this Office that a contracting officer may cancel a solicitation after bid opening when all acceptable bids received are at an unreasonable price. The determination of price reasonableness is a matter of administrative discretion which we will not question unless there is evidence of fraud or bad faith or a showing that the determination is wholly unreasonable. Warfield & Sanford, Inc., B-206784, June 23, 1982, 82-1 CPD 620; Penn Landscape & Cement Work, B-196352, February 12, 1980, 80-1 CPD 126.

AEC contends that GSA acted unreasonably in determining that its bid in response to the canceled IFB was excessive. The protester complains that the GSA estimate was improperly revised after the May 11 bid opening. The original GSA estimate was \$173,440 for 1 year, approximately \$6,000 above AEC's bid. The GSA estimate was revised on May 20 to \$131,891, approximately \$35,000 below AEC's bid. However, it is not unreasonable for an agency to revise a contract estimate after bid opening because of the inexact nature of Government estimates and the occasional necessity of a post-bid-opening review. See, e.g., Arlandria Construction Co., Inc., B-195044, B-195510, April 21, 1980, 80-1 CPD 276. The case at hand is substantially similar to Ureco Construction Inc. and American Timber Co., B-194550, B-194550.2, November 7, 1979, 79-2 CPD 335. In Ureco Construction, we decided that the United States Forest Service acted properly in canceling a solicitation when the

low bid was substantially higher than a revised Government estimate. The Forest Service had revised its original estimate downward after the bid opening when it recognized several mistakes in its computation. We found the downward revision of the estimate to be a reasonable exercise of discretion by the contracting officer. See also B-164931, September 5, 1968.

AEC further argues that the contracting officer was unduly influenced by the low bids of Pneumo and PEVCO. It is not clear from the record whether the GSA's decision to revise its estimate was prompted by the low bids of Pneumo and PEVCO or by the discovery of an error in calculation. However, in any event, this Office has held that a contracting officer is free to consider nonresponsive bids, as well as other factors which may have been disclosed by the bidding, in determining that a bid price is not reasonable. ITE Imperial Corporation, Subsidiary of Gould, Inc., B-190759, August 14, 1978, 78-2 CPD 116; Schottel of America, Inc., B-190546, March 21, 1978, 78-1 CPD 220; B-164931, September 5, 1968. If the contracting officer in the instant case was influenced by the low bids of Pneumo and PEVCO in revising the Government estimate, such action was not improper.

Finally, AEC contends that GSA incorrectly interpreted the man-hour coverage specification in the solicitation, resulting in a substantially understated man-hour requirement and an unreasonably low revised estimate. The solicitation provision in dispute reads as follows:

"HOURS OF SERVICE: The Contractor personnel must be on the job at the building from 7:00 a.m. to 8:00 p.m., Monday through Friday and from 9:00 a.m. to 1:00 p.m., on Saturdays in accordance with the following schedule, exclusive of lunch period.

"MONDAY THROUGH FRIDAY

One man - 7:00 a.m. to 3:00 p.m.  
Two men - 9:00 a.m. to 5:00 p.m.  
One man - 12:00 noon to 8:00 p.m.

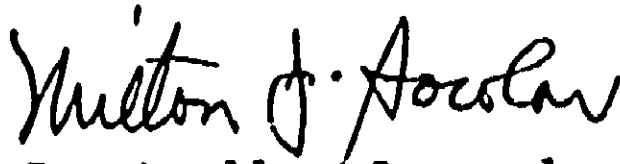
"SATURDAYS ONLY

Three men - 9:00 a.m. to 1:00 p.m."

The protester argues that this provision requires four workers on the Monday through Friday schedule, including two

workers on the 9 a.m. to 5 p.m. shift. However, GSA contends that only one worker is required on the 9 a.m. to 5 p.m. shift. The contracting officer explains that the reference in the specification to "two men" on the 9 a.m. to 5 p.m. shift merely indicates that the shift overlaps with the early and late shifts and that there are at least two workers on duty from 9 a.m. to 5 p.m. Although the man-hour provision is ambiguous and inartfully drawn, GSA's interpretation of it is reasonable. We note the contracting officer's argument, not rebutted by the protester, that AEC has performed prior maintenance contracts for the tube system with an identical man-hour provision and has provided only one worker on the 9 a.m. to 5 p.m. shift.

The protest is denied.

*for*   
Comptroller General  
of the United States